
Winston E. Himsworth

August 22, 2005

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Comments on Draft Eligible Services List for Universal Service Mechanism for Schools and Libraries (FCC 05-158), CC Docket 02-6

Dear Ms. Dortch:

In a Public Notice released on August 15, 2005, the Federal Communications Commission (FCC) sought comments on an eligible services list proposed by the Universal Service Administrative Company (USAC) for use for the Schools and Libraries Universal Service funding year that will begin on July 1, 2006. Comments are due by August 25, 2005. The Notice emphasized that “this proceeding is limited to determining what services are eligible under the Commission’s current rules; it is not intended to be a vehicle for changing any eligibility rules.”

E-Rate Central specializes in providing consulting, compliance, and forms processing services to E-rate applicants and service providers. Through our work, we have developed a solid understanding of how E-rate rules affect applicants and service providers. It is with that understanding that we raise the following point for the Commission’s consideration as it finalizes the eligible services list for Funding Year 2006.

Applicants seeking Internet access frequently buy bundled services from an Internet Service Provider (ISP) which include telecommunications links from telecommunications providers, such as T-1 lines provided under subcontract to the ISP. We have understood that such bundled service, used only for Internet access, is eligible as Internet access and need not have been preceded by a 470 posting for telecommunications service.

There is new language in the draft eligible services list about combined Priority 1 Services that might be taken to mean that bundled services that provide only Internet access, but which include a telecommunications link, must be separately posted and be included in separate FRNs. We urge the Commission to clarify the language to avoid any such misimpression.

The proposed list includes new language dealing with telecom/Internet services in two key places.

Ms. Marlene H. Dortch
Page 2
August 22, 2005

1. There is a new note on the first page stating:

“NOTE CONCERNING COMBINED TELECOMMUNICATIONS AND INTERNET ACCESS SERVICES: Some service offerings from service providers include a combination of Telecommunications Services and Internet Access. For example, a service provider may provide a combined offering of local phone service, long distance service, cellular service, and Internet Access for one price. Such a combined offering must be featured in both the Telecommunications Services and Internet Access categories of service on the FCC Form 470. Applicants must also divide the price of the offering appropriately between a Telecommunications Services funding request and an Internet Access funding request on the FCC Form 471. Remember that only Telecommunications Carriers can provide Telecommunications Services, and that applicants submitting requests for Internet Access must comply with requirements of the Children’s Internet Protection Act (CIPA).”

2. Then there is revised language in the Internet WAN section indicating:

“Funding in this category will not be provided for transport of point-to-point connectivity of data, video, or voice applications that are to be provided only by telecommunications carriers.”

We believe the controlling language for bundled services used to provide only Internet access is in the Internet WAN section:

“Wide Area Network facilities may be eligible for funding as a part of Internet Access if that offering is the most cost effective means of accessing the Internet and the service is limited to basic conduit access to the Internet.”

We assume the new language on point-to-point telecom connectivity is meant to provide the basis for stricter enforcement of cost allocations for non-telecommunications-provider WANs that provide more than simply basic conduit access to the Internet.

We urge the Commission to clarify that that point-to-point service is eligible as Internet access as long as Internet access is the only service being provided over the point-to-point connection.

Sincerely,



Winston E. Himsworth

/abm

